

**HIV/AIDS Alliance for Region Two, Inc.****Baton Rouge, Louisiana****Financial Statements****Years Ended December 31, 2008 and 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/30/09

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## REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
HIV/AIDS Alliance for Region Two, Inc.

We have audited the accompanying consolidated statement of financial position of HIV/AIDS Alliance for Region Two, Inc. (the Organization) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HIV/AIDS Alliance for Region Two, Inc. as of December 31, 2008 and 2007 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued a report dated December 15, 2009, on our consideration of HIV/AIDS Alliance for Region Two, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in dark ink that reads "Carleton &amp; Co CPAs".

Baton Rouge, Louisiana  
December 15, 2009

**HIV/AIDS Alliance for Region Two, Inc.**  
**Statement of Financial Position**  
**As of December 31, 2008**

			Total	
	Unrestricted	Temporarily Restricted	2008	2007 (Restated)
ASSETS				
Current Assets				
Checking/Savings	\$98,337	\$4,142	\$102,479	\$2,760
Petty Cash	200	600	800	800
Total Checking/Savings & Petty Cash	98,537	4,742	103,279	3,560
Accounts Receivable				
Contracts Receivable	2,466,647	29,684	2,496,331	1,055,124
Hancock Bank	8,196		8,196	
Total Accounts Receivable	2,474,843	29,684	2,504,527	1,055,124
Other Current Assets				
Inventory	62,880		62,880	
Due from Employees	15,200		15,200	5,500
Prepaid Rent	7,153		7,153	
Prepaid other expenses	1,238		1,238	1,238
Total Other Current Assets	86,471		86,471	6,738
Total Current Assets	2,659,851	34,426	2,694,277	1,065,422
Fixed Assets				
Machinery & Equipment	219,013	48,856	267,869	228,978
Less: Accumulated Depreciation	-151,459	-48,163	-199,622	-177,310
Total Machinery & Equipment	67,554	693	68,247	51,668
Land & Buildings				
Land & Buildings	779,455		779,455	
Less: Accumulated Depreciation	-8,767		-8,767	
Total Land & Buildings	770,688		770,688	
Total Fixed Assets	838,242	693	838,935	51,668
Other Assets				
LAMMICO Loss Fund	20,000		20,000	
Deposit				5,217
Total Other Assets	20,000		20,000	5,217
TOTAL ASSETS	\$3,518,093	\$35,119	\$3,553,212	\$1,122,307

The accompanying notes are an integral part of these financial statements

**HIV/AIDS Alliance for Region Two, Inc.**  
**Statement of Financial Position**  
**As of December 31, 2008**

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

Accounts Payable	\$961,258	\$961,258	\$233,418
Other Current Liabilities			
Due to AVITA	37,937	37,937	
Eastwind Tenant Deposits	2,150	2,150	
Eastwind Tenant Pre-paid Rent	800	800	
Total Other Current Liabilities	<u>40,887</u>	<u>40,887</u>	
Total Current Liabilities	1,002,145	1,002,145	233,418

**Long-Term Liabilities**

Line-of-Credit Payable - HAART	697,728	697,728	746,412
Note Payable - Hancock/Eastwinds	<u>284,903</u>	<u>284,903</u>	
Total Long-Term Liabilities	<u>982,631</u>	<u>982,631</u>	<u>746,412</u>

Total Liabilities	1,984,776	1,984,776	979,830
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**Equity**

**Restricted Assets - HUD/EBR-OCD**

Restricted Assets - Roche		6,560	6,560	
Restricted Assets - Wilson Family				35,000
Retained Earnings	142,477	142,477		130,579
Net Income	<u>1,419,399</u>	<u>1,419,399</u>		<u>-23,102</u>
Total Equity	<u>1,561,876</u>	<u>6,560</u>	<u>1,568,436</u>	<u>142,477</u>

<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>\$3,546,652</b></u>	<u><b>\$6,560</b></u>	<u><b>\$3,553,212</b></u>	<u><b>\$1,122,307</b></u>
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The accompanying notes are an integral part of these financial statements

**HIV/AIDS Alliance for Region Two, Inc.**  
**Statement of Activities**  
**As of December 31, 2008**

			<u>Total</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007(Restated)</u>
<b>Revenue and Other Support</b>				
Pharmacy Sales	\$5,188,819		\$5,188,819	
Fees for Services	91,386		91,386	\$82,484
Contributions	17,170		17,170	47,998
Grant Revenue	4,722,646	297,907	5,020,553	3,790,188
Rental Income	14,850		14,850	
Housing Program Income	10,215		10,215	
Net Assets Released from Restrictions:				
Restrictions Usage Restriction				
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>10,045,086</u>	<u>297,907</u>	<u>10,342,993</u>	<u>3,920,670</u>
<b>Cost of Goods Sold</b>				
Cost of Pharmacy Sales	3,199,959		3,199,959	
<b>TOTAL COST OF GOODS SOLD</b>	<u>3,199,959</u>		<u>3,199,959</u>	
<b>Expenses</b>				
Program Services and Grants	4,571,969		4,571,969	2,975,947
General and Administrative	395,168		395,168	678,124
Rental Expense	20,538		20,538	
Caring Clinic Operating Expenses	729,400		729,400	289,701
<b>TOTAL EXPENSES</b>	<u>5,717,075</u>		<u>5,717,075</u>	<u>3,943,772</u>
 Increase (Decrease) in Net Assets	 1,128,052	 297,907	 1,425,959	 -23,102
Net Assets, beginning of year	-124,584	267,061	142,477	165,579
Net Assets, end of year	<u>\$1,003,468</u>	<u>\$564,968</u>	<u>\$1,568,436</u>	<u>\$142,477</u>

The accompanying notes are an integral part of these financial statements

**HIV/AIDS Alliance for Region Two, Inc.**  
**Statement of Cash Flows**  
**For the Year Ending December 31, 2008**

	<u>Year Ending December 31</u>	
	<u>2008</u>	<u>2007 (Restated)</u>
<b>OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets (Net Income)	\$1,425,960	-\$9,302
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	44,880	28,762
(Increase) Decrease in Current Assets (other than Cash):		
Grants Receivable	-1,441,207	-357,157
Hancock Bank	-8,196	
Inventory	-62,880	
Prepaid Other Expenses	1,238	41
Prepaid Other Expenses: Fundraising	-1,238	
Prepaid Rents	-7,154	21,523
Due from Employees	-9,700	-5,500
Deposits	5,217	-4,737
Due from NR Peace		20,787
Increase (Decrease) in Current Liabilities:		
Accounts Payable	727,841	-15,700
Due to Avita	37,936	
Eastwind Tenant Deposits	2,150	
Eastwind Tenant Pre-paid Rents	800	
Net Cash Provided by Operating Activities	<u>715,647</u>	<u>-321,283</u>
<b>INVESTING ACTIVITIES</b>		
(Increase) Decrease in Long-Term Assets:		
LAMMICO Loss Fund	-20,000	
Machinery & Equipment	-38,891	-23,706
Land & Buildings	-779,455	
Net Cash Provided by Investing Activities	<u>-838,346</u>	<u>-23,706</u>

The accompanying notes are an integral part of these financial statements

**HIV/AIDS Alliance for Region Two, Inc.**  
**Statement of Cash Flows**  
**For the Year Ending December 31, 2008**

	<u>Year Ending December 31</u>	
	<u>2008</u>	<u>2007 (Restated)</u>
<b>FINANCING ACTIVITIES</b>		
Increase (Decrease) in Long-Term Liabilities & Equity:		
Line-of-Credit Payable - HAART	-48,685	324,800
Note Payable - Hancock/Eastwinds	284,903	
Restricted Assets - Roche	6,560	
Restricted Assets - Wilson Family	-35,000	35,000
Retained Earnings	14,640	-35,000
Net Cash Provided by Financing Activities	<u>222,418</u>	<u>324,800</u>
 Net Increases in Cash and Cash Equivalents	99,719	-20,189
Cash and Cash Equivalents, Beginning of Year	<u>3,560</u>	<u>23,749</u>
Cash and Cash Equivalents, End of Year	<u>\$103,279</u>	<u>\$3,560</u>

The accompanying notes are an integral part of these financial statements



**HIV/AIDS Alliance for Region Two, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note #1** **Nature of Activities and Summary of Significant Accounting Policies**  
**Organization**

The HIV/AIDS Alliance for Region Two, Inc. (HAART) is a Louisiana non-profit corporation, incorporated on February 16, 1995, for the purpose of responding to the threat of the HIV (Human Immunodeficiency Virus) and AIDS (Acquired Immune Deficiency Syndrome) diseases existing in Louisiana, through the development of educational programs, support services, assistance, and financial development. In furtherance of those purposes, the corporation is authorized, but not limited to, purchasing and acquiring property, receiving and administering donations of money, property, or other things of value, rendering charitable assistance to individuals living with, or at risk of acquiring, HIV infection or AIDS or educational work related to the HIV or AIDS threat.

In July 2007, HAART's primary role changed from serving as the Louisiana Department of Health and Hospitals' Region Two Ryan White Part B (formerly Title II) Regional Consortium, in which HAART served as the planning body and fiscal agent contracting for direct client services. At that time, its federal funding switched from state-shared Part B to a City-Parish administered Part A (formerly Title I) Transitional Grant Area (TGA) formula area, allowing HAART to become a direct provider of Ryan White services.

Ryan White Part B is available to states and territories to address the impact of HIV/AIDS. Ryan White Part A is for severely impacted metropolitan areas with populations greater than 500,000 persons. While the Office of Public Health's HIV/AIDS Program administers the state's Part B funding, Ryan White legislation designates Part A funding to "the chief elected official of the Metropolitan Statistical Area"; in this instance, the Mayor of the City-Parish of East Baton Rouge. Those designees are also responsible for facilitating the legislatively-mandated planning functions.

The City-Parish is also the recipient of formula funding from HUD's Housing Opportunities for People with AIDS (HOPWA) program. HOPWA provides various types of housing assistance to eligible persons living with HIV/AIDS so that they may avoid homelessness because of the impact of the disease on their lives. HAART receives HOPWA funds from the City-Parish as well as funds for three projects under HUD's Supportive Housing Program, targeting persons who have become homeless.

**HIV/AIDS Alliance for Region Two, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note #1 (Continued)**

On July 9, 2007, HAART established the *Caring Clinic of Louisiana, LLC* for the purpose of addressing the extreme shortage of physician capacity in the area and to provide additional treatment capacity for uninsured persons living with HIV infection or AIDS. The clinic is a general internal medicine practice and is neither a "free clinic" nor an HIV-specific treatment center. While it does receive Ryan White funding through subcontract from its parent corporation, HAART, the bulk of its patients have some type of third party medical coverage including health insurance, managed care programs, Medicaid or Medicare.

Loans from HAART to the clinic for start-up capital are expected to be repaid through receipts from private pay patients, in full over time. The LLC (clinic) has a single-member Board of Directors with HAART, the corporation, serving as the single member. The Board of Directors of HAART has established a committee to assist the agency's executive director in overseeing clinic operations.

On January 1, 2008, both HAART and Caring Clinic were authorized as "eligible entities" and entered into separate agreements with a contract pharmacy to operate their 340B Drug Pricing Programs. The 340B program is administered by HHS/HRSA's Office of Pharmacy Affairs. It resulted from enactment of Public Law 102-585, the Veterans Health Care Act of 1992, which is codified as Section 340(b) of the U.S. Public Health Service Act. Section 340B limits the cost of covered outpatient drugs to certain federal grantees (including Ryan White recipients), federally-qualified health center look-alikes and qualified disproportionate share hospitals. The agreement with the contract pharmacy has been suspended, pending renegotiation of terms, at the time of the issuance of this report

**Basis of Presentation**

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 116 (SFAS No. 116), Accounting for Contributions Received and Contributions Made and Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. SFAS No. 116 requires contributions to be recognized as revenue when they are received or unconditionally pledged. SFAS No. 117, which eliminates the utilization of fund accounting for financial reporting purposes, requires net assets to be classified as either 1) unrestricted, 2) temporarily restricted, or 3) permanently restricted depending on limitations placed on the net assets.

**HIV/AIDS Alliance for Region Two, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note #1 (Continued)**

**Donated Services**

Amounts have not been reported in the statements for donated services because they do not meet the criteria for recognition under SFAS No. 116. A substantial number of volunteers have donated significant amounts of their time to the Organization.

Contributions of service shall be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**Revenue Recognition**

Contributions are recognized as revenue when they are received or unconditionally pledged.

Conditions - Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Contributions receivable represent amounts committed by donors that have not been received by the Organization.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Prepaid**

Insurance and similar services which extend over more than one accounting period have been recorded as prepaid.

**HIV/AIDS Alliance for Region Two, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note #1 (Continued)**

**Accounts Receivable**

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Property and Equipment**

The purchase of property and equipment is recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$100. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Assets are depreciated using the straight-line method over their estimated useful lives.

**Comparative Data**

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Organization's financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**Note #2. Concentration of Credit Risk for Cash Held in Bank**

HAART maintains six bank accounts at one financial institution. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

At December 31, 2008, HAART had cash and cash equivalents (book balances) totaling \$103,279. These deposits are stated at cost, which approximates market.

**HIV/AIDS Alliance for Region Two, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note #3**    **Grants Receivable**

Grants receivable at December 31, 2008 consists of reimbursements for expenses incurred under the following programs:

340b Insurance and Copayments	\$1,167,679
CARP-Prevention	3,970
CDAP-Copay and deductibles	101,444
CDC Prevention	3,625
Caring Clinic-Ryan White	254,851
State of Louisiana-Ryan White	2,944
City of Baton Rouge-Ryan White	306,513
City of Baton Rouge-HOPWA	204,625
City of Baton Rouge-SHP	330,916
City of New Orleans-HOPWA	88,811
City of New Orleans-NORAPC	29,684
Medicaid Case Management	1,270
Total	<u>\$2,496,332</u>

**Note #4**    **Fixed Assets**

Fixed assets are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of five to ten years for equipment and 27.5 years for rental properties.

Equipment	\$267,869
Less: Accumulated Depreciation	<u>(199,622)</u>
Equipment Book Value	68,247
Land and Buildings	779,455
Less: Accumulated Depreciation	<u>( 8,767)</u>
Land and Buildings Book Value	\$ 770,688

**Note #5**    **Line of Credit**

On January 29, 2008, HAART renewed a line of credit with Hancock Bank for \$750,000 at an initial rate of 8.25%. As of December 31, 2008, the Organization had \$697,728 in loans outstanding.

**Note #6**    **Temporarily Restricted-NORAPC**

HAART is the fiscal agent for New Orleans Regional AIDS Planning Council Support Staff and Program Support (NORAPC) services for the New Orleans EMA. These funds belong to NORAPC and as such, are restricted.

**HIV/AIDS Alliance for Region Two, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note #7**    **Lease Obligations**

On October 1st, 2006, HAART entered into an operating lease of an office that houses the HAART's main office. Effective February 1, 2008, the rent to be paid by HAART is \$2,833.83 per month,. On December 13, 2007, HAART signed a twelve-month lease for additional space in the same building at \$766 per month.

On February 23, 2001, HAART entered into an operating lease of a building in New Orleans for twelve months. The lease is \$2,250 per month. The building was damaged by Hurricane Katrina, and rent was suspended from September, 2005 through February 2006. The building was reoccupied in March 2006. The building was damaged again, by fire, in June, 2006 and reoccupied in late September 2006. The Organization now leases month to month.

The future minimum lease payments are as follows:

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
12/31/2008	-0-	-0-	-0-

**Note #8**    **Risk Management**

HAART is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the organization carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**Note #9**    **Economic Dependence**

HAART receives a significant portion of its revenues from funds provided through grants administered by the City of Baton Rouge and other Local Governments. The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of the funds HAART receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of HAART's financial statements, management is not aware of any actions that will adversely affect the amount of funds the Organization will receive the next fiscal year.

Approximately 44.2% of HAART's support for the year ended December 31, 2008, came from government grants.

**Note #10**    **Board of Directors' Compensation**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

**HIV/AIDS Alliance for Region Two, Inc.**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note #11 Related Party Transactions**

The Organization did not engage in any transactions with any related parties.

**Note #12 Contingencies**

HAART receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the government. The ultimate determination of amounts received under these programs generally is based on allowable costs reported to the government, and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

## **SUPPLEMENTAL INFORMATION**



**HIV/AIDS Alliance for Region Two, Inc.**  
**Statement of Activities**  
**As of December 31, 2008**

			<u>Total</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007(Restated)</u>
<b>Revenue and Other Support</b>				
Pharmacy Sales	\$5,188,819		\$5,188,819	
Fees for Services	91,386		91,386	\$82,484
Contributions	17,170		17,170	47,998
Grant Revenue	4,722,646	297,907	5,020,553	3,790,188
Rental Income	14,850		14,850	
Housing Program Income	10,215		10,215	
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payment				
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>10,045,086</u>	<u>297,907</u>	<u>10,342,993</u>	<u>3,920,670</u>
<b>Cost of Goods Sold</b>				
Cost of Pharmacy Sales	<u>3,199,959</u>		<u>3,199,959</u>	
<b>TOTAL COST OF GOODS SOLD</b>	<u>3,199,959</u>		<u>3,199,959</u>	
<b>Expenses</b>				
Advertising	10,658		10,658	7,647
Bank Service Charges	3,119		3,119	3,704
CAC2 Reimbursable Expenses	9,957		9,957	7,791
Caring Clinic Operating Expenses	729,400		729,400	289,701
CDAP Payments	897,983		897,983	638,865
Community Coalition - NORAPC				10,386
Computer Tech Support	8,796		8,796	9,846
Conference Fees - HAART				200
Consumer Reimbursable Expenses - NORAPC				362
Contributions & Gifts - HAART	1,000		1,000	409
Depreciation Expense	25,858		25,858	42,562
Direct Client Assistance	906,216		906,216	719,061
Dues & Subscriptions	9,886		9,886	4,926
Rental Expense	10,688		10,688	
Equipment, Maintenance & Repair	6,573		6,573	5,693
Fundraiser Expenses - HAART	11,105		11,105	5,094
HICP Payments				25,549
HIS Payments - Ryan White				4,392
Insurance	57,635		57,635	63,002
Interest Expense	48,937		48,937	46,162

See independent auditor's report

**HIV/AIDS Alliance for Region Two, Inc.**  
**Statement of Activities**  
**As of December 31, 2008**

			Total	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2,008</u>	<u>2007(Restated)</u>
License & Permits	1,608		1,608	1,000
Meeting Expenses	12,588		12,588	13,300
Needs Assessment - NORAPC				5,094
Office Maintenance - NORAPC				4,724
Office Supplies	44,051		44,051	21,826
Payroll Taxes	82,048		82,048	54,535
Postage & Delivery	6,856		6,856	7,966
Printing & Reproduction				832
Professional Fees	832,831		832,831	13,750
Public Awareness Event Expense - HAART	394		394	
Rent	90,084		90,084	60,817
Salaries & Wages	864,701		864,701	534,629
Subcontract Expense	980,138		980,138	1,311,475
Telephone	29,546		29,546	18,186
Training - NORAPC				1,310
Travel & Entertainment:	34,419		34,419	8,976
<b>TOTAL EXPENSES</b>	<u>5,717,075</u>		<u>5,719,083</u>	<u>3,943,772</u>
 Increase (Decrease) in Net Assets	 1,128,052	 297,907	 1,425,959	 -23,102
Net Assets, beginning of year	-124,584	267,061	142,477	165,579
Net Assets, end of year	<u>\$1,003,468</u>	<u>\$564,968</u>	<u>\$1,568,436</u>	<u>\$142,477</u>

See independent auditor's report

**The Caring Clinic of Louisiana, L.L.C.**  
**Statement of Activities**  
**For the Year Ending December 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2008</u>	<u>2007</u>
<b>Revenue and Other Support</b>				
Pharmacy Sales	\$ 88,182	\$ -	\$ 88,182	\$ -
Fees for Services:				
Medical Records	66		66	
Office (or Home) Visit Charges:				
Copayment Revenue	25,432		25,432	3,376
Insurance Reimbursement Allowed	120,211		120,211	
Office (or Home) Visit Charges - Other	-79,108		-79,108	79,108
Patient Fees	24,785		24,785	
Grant Revenue:				
Ryan White A - Lab Cost Reimbursement	184,377		184,377	49,161
Ryan White A - Primary Care Visits	201,518		201,518	34,804
Uncompensated Care	-50,200		-50,200	
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>515,262</u>	<u>0</u>	<u>515,262</u>	<u>166,450</u>
<b>Cost of Goods Sold</b>				
Cost of Pharmacy Sales	60,055		60,055	
<b>TOTAL COST OF GOODS SOLD</b>	<u>60,055</u>	<u>0</u>	<u>60,055</u>	<u>0</u>
<b>Expenses</b>				
340b Program Fees	25,553		25,553	
Advertising	4,796		4,796	8,684
Bank Service Charges	1,388		1,388	
Contract Labor	11,405		11,405	
Cost of Meds Dispensed to Uninsured	50,138		50,138	
Depreciation Expense (IRS Sec.179)	5,222		5,222	13,800
Dues and Subscriptions	20		20	
General Waste (Biohazard Disposal)	2,023		2,023	
Insurance	58,012		58,012	34,495
Interest/Finance Charges	243		243	
Laboratory Costs	177,965		177,965	10,840
Licenses and Permits	1,844		1,844	65
Meals and Entertainment	0		0	2,824
Medical Supplies for Clinic Office Use	8,819		8,819	25,100
Mileage	82		82	
Office Supplies	4,718		4,718	13,727
Payroll Taxes	22,586		22,586	12,477
Professional Fees & Services	24,312		24,312	30,442
Rent	19,811		19,811	8,540
Salaries & Wages	301,182		301,182	137,589
Telephone	9,281		9,281	4,918
<b>TOTAL EXPENSES</b>	<u>729,400</u>	<u>0</u>	<u>729,400</u>	<u>303,501</u>
 Increase (Decrease) in Net Assets	 -274,193		 -274,193	 -137,050
Net Assets, beginning of year	-137,050		-137,050	
Net Assets, end of year	<u>-411,243</u>	<u>0</u>	<u>-411,243</u>	<u>-137,050</u>

See independent auditor's report

## **OMB CIRCULAR A-133 SECTION**



## REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors of  
HIV/AIDS Alliance for Region Two, Inc.

We have audited the basic financial statements of HIV/AIDS Alliance for Region Two, Inc. as of and for the year ended December 31, 2008, and have issued our report thereon dated December 15, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in dark ink that reads "Carleton &amp; Co CPAs".

Baton Rouge, Louisiana

December 15, 2009

**HIV/AIDS Alliance for Region Two, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ending December 31, 2008**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Total Expenses</u>
<u>U.S. Department of Health and Human Services</u>		
Pass-through programs from:		
City of Baton Rouge		
HIV Care Formula Grants (Ryan White Part B)	93.917	2,496,395
 <u>U.S. Department of Housing and Urban Development</u>		
Pass-through programs from:		
City of Baton Rouge		
Emergency Shelter Grant	14.231	5,000
Supportive Housing Program (SHP)	14.235	478,255
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	<u>\$699,399</u>
 Total expenditures of federal awards		 <u>\$3,679,049</u>

**HIV/AIDS Alliance for Region Two, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2008**

**Note A    Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of HIV/AIDS Alliance for Region Two, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* . Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
and on  
COMPLIANCE AND OTHER MATTERS**

**BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
HIV/AIDS Alliance for Region Two, Inc.

We have audited the financial statements of HIV/AIDS Alliance for Region Two, Inc. as of and for the year ended December 31, 2008, and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HIV/AIDS Alliance for Region Two, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HIV/AIDS Alliance for Region Two, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not



identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether HIV/AIDS Alliance for Region Two, Inc.'s financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.



Baton Rouge, Louisiana  
December 15, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of  
HIV/AIDS Alliance for Region Two, Inc.

**Compliance**

We have audited the compliance of HIV/AIDS Alliance for Region Two, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. HIV/AIDS Alliance for Region Two, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of HIV/AIDS Alliance for Region Two, Inc.'s management. Our responsibility is to express an opinion on HIV/AIDS Alliance for Region Two, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HIV/AIDS Alliance for Region Two, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of HIV/AIDS Alliance for Region Two, Inc.'s compliance with those requirements.

In our opinion, HIV/AIDS Alliance for Region Two, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

### Internal Control Over Compliance

The management of HIV/AIDS Alliance for Region Two, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered HIV/AIDS Alliance for Region Two, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HIV/AIDS Alliance for Region Two, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.



Baton Rouge, Louisiana

December 15, 2009

**HIV/AIDS Alliance for Region Two, Inc**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2008**

**A) Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of HIV/AIDS Alliance for Region Two, Inc.
2. No significant deficiencies relating to the audit of the financial statements of HIV/AIDS Alliance for Region Two, Inc are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of HIV/AIDS Alliance for Region Two, Inc were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for HIV/AIDS Alliance for Region Two, Inc expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
HIV Care Formula Grants – Ryan White Part B	93.917

8. The threshold for distinguishing Types A and B programs was \$1,845,400.
9. HIV/AIDS Alliance for Region Two, Inc. was determined to be a low-risk auditee.

**B) Findings – Financial Statements Audit**

None

**C) Findings and Questioned Costs – Major Federal Award Programs Audit**

None